

5441

**Statement**  
**Insurance Association of Connecticut**

Insurance and Real Estate Committee

February 17, 2009

HB 5441, An Act Concerning Damage Claim Payments For Certain Motor Vehicles

The Insurance Association of Connecticut opposes HB 5441, An Act Concerning Damage Claim Payments for Certain Motor Vehicles, which would essentially require insurers to issue three payee checks (claimant, garage/body shop and bank) for third party claims payments on damaged motor vehicles.

HB 5441 is impractical and contrary to the legitimate interests of insurance claimants. An insurers obligation is to pay the claimant for damages its insured is legally responsible. HB 5441 seeks to change that when there is a lienholder on a claimant's motor vehicle. This is directly contrary to the express intent of C.G.S. 38a-352, which is to "provide the claimant immediate access to the funds." It will serve to delay, in auto claims involving a garage or body shop, the availability of funds to the claimant, since the insurer's check would be of no use to the claimant until they got the signature of the garage or body shop and lienholder. What if the shop requires the claimant to pay the shop in cash before they will agree

to sign the check, and the claimant has insufficient personal funds to pay them?

HB 5441 will also prevent insurers from paying by electronic transfer, as is specifically permitted by the current terms of C.G.S. 38a-352, because such transfers can't be effected for two payees. Consumers will, therefore, not get the benefits of the speed, convenience and security of electronic transfer. Insurers will no longer be able to benefit from reduced processing costs which result from electronic transfers.

HB 5441 will only serve to delay and make inconvenient the claimant's receipt of insurance payments.

IAC urges rejection of HB 5441.